

## **Senate Concurrent Resolution No. 15**

### **RESOLUTION CHAPTER 140**

Senate Concurrent Resolution No. 15—Relative to Public Employees' Retirement.

[Filed with Secretary of State September 26, 2001.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

SCR 15, Soto. Public Employees' Retirement: minimum benefits.

This measure would encourage the establishment of an appropriate system to annually determine a minimum standard of pension adequacy for all retired members of the Public Employees' Retirement System, to identify funding resources for the sole purpose of annually adjusting retired members' pensions to ensure that those pensions are not less than that minimum standard, and to identify extraordinary earnings in excess of any prudent reserves of the Public Employees' Retirement Fund for the purpose of enhancing retired members' pensions.

WHEREAS, Retired members of the Public Employees' Retirement System (PERS) have provided valuable services to the public during their working careers; and

WHEREAS, Retired PERS members have a right to a quality of life that acknowledges their contributions and sacrifices; and

WHEREAS, Most retired PERS members are dependent upon their PERS pension and related benefits, such as health, dental, and vision coverage, to meet basic necessities, such as food, clothing, shelter, and health care; and

WHEREAS, Retirees are living longer and leading more active lives, and therefore are dependent upon their retirement benefits to protect them for many years into the future; and

WHEREAS, There is no adequate mechanism in place to increase the pensions and benefits of retired PERS members to keep pace with inflation or to prevent retirees from falling into poverty; and

WHEREAS, There are, or in the future there may be, prudent reserves available in the Public Employees Retirement Fund (PERF); and

WHEREAS, There is no adequate program to enable retired PERS members to share in PERF investment earnings that exceed prudent reserves; and

WHEREAS, Since PERS' current retirees' pension contributions during their working careers helped fund the retirement system, a fair and equitable portion of the income generated through the extraordinary

investment performance of the PERF funds in excess of any prudent reserves should be designated for the improvement of retirement pensions and benefits for active and retired PERS members; and

WHEREAS, Retired PERS members are not subject to collective bargaining or the meet and confer provisions of laws specific to active employees; and

WHEREAS, Any pension and benefit increases for retired PERS members are dependent upon the legislative process; and

WHEREAS, Funds to improve the pension and benefits of retired PERS members must, under current statute, be funded through state or local moneys; and

WHEREAS, Retired PERS members must, therefore, compete with all other related and nonrelated interests of the state and local governments in order to gain pension and benefit adequacy to be funded by these moneys; and

WHEREAS, Most state and local government employers' retirement contributions have decreased due to the extraordinary performance of PERS investments; and

WHEREAS, Retired PERS members have not received increased benefits which have the proportional monetary equivalent to those received by active public employees when improvements have been made in the retirement formula over the past decade; and

WHEREAS, There is a need for improved annual pension and benefit supplementation; and

WHEREAS, The pensions and benefits of retired PERS members may not have kept pace with expenses in spite of fixed annual cost-of-living increases currently provided by law; and

WHEREAS, The actual cost-of-living expenses for retirees may not be adequately measured in current inflation indexes; and

WHEREAS, Many PERS retirement pensions are below the state and federal poverty levels; and

WHEREAS, The current minimum retirement allowance for members of the Public Employees' Retirement System was established by law in 1955 at \$100 per month and has not been changed since that date; and

WHEREAS, A large number of retired PERS members receive pensions that are as much as five times lower than the pensions of employees retiring today because public employee salaries have increased at a much higher rate than the pensions of current retirees due to the fact that active employees have received actual cost-of-living adjustments instead of fixed cost-of-living adjustments; and

WHEREAS, Pensions and benefits of retired PERS members must be improved when warranted; and



WHEREAS, The current system of fixed cost-of-living adjustments is insufficient and does not address ongoing adequacy levels of the pensions and benefits of retired PERS members; now, therefore, be it

*Resolved by the Senate of the State of California, the Assembly thereof concurring,* That retired PERS members have a right to a quality of life that acknowledges their dedicated contributions to the people of the State of California; and be it further

*Resolved,* That retired PERS members have a right to an adequate level of pension benefits that protects them from inflation and changing economies; to adequate levels of health, dental, and vision coverage; to share in the extraordinary performance of investment earnings of the Public Employees' Retirement System and to have their pension, health, and other benefits increased when there are extraordinary earnings that exceed prudent reserves; and to have their health plan premium contributions reduced when an employers' retirement contributions are reduced due to extraordinary earnings that exceed prudent reserves in the PERF; and be it further

*Resolved,* That retired PERS members have a right to have representation in decisions that affect their pensions and benefits; to have the PERS Board of Administration include recommendations on the adequacy of pensions and other benefits for retired members in its Annual Cost of Living Report to the Governor and Legislature; and to have their retirement benefits increased in a similar or cost equivalent manner whenever active public employees receive improved benefits through the collective bargaining process or the meet and confer process; and be it further

*Resolved,* That in compliance with any applicable federal statutes, retired PERS members have a right to voluntarily participate in financial or other programs developed and offered by PERS to its active members which will help retirees provide for their own continued, secure retirement; and be it further

*Resolved,* That the Legislature encourages the establishment of actuarial, financial, and other appropriate systems to annually determine a minimum standard of pension adequacy for all retired members of the Public Employees' Retirement System and to identify funding resources for the sole purpose of annually adjusting retired members' pensions to ensure that the pensions of all retired members are not less than the minimum standard; and be it further

*Resolved,* That the Legislature encourages the establishment of systems to identify extraordinary earnings in excess of any prudent reserves of the Public Employees' Retirement Fund for the purpose of enhancing pension benefits of retired members; and be it further



*Resolved*, That the Secretary of the Senate transmit copies of this resolution to the Governor, the members of the Board of Administration of the Public Employees' Retirement System, the President pro Tempore of the Senate, the Majority Leader of the Senate, the Minority Leader of the Senate, the Speaker of the Assembly, the Majority Floor Leader of the Assembly, the Minority Floor Leader of the Assembly, the Chair and the Vice Chair of the Senate Committee on Public Employment and Retirement, and the Chair and the Vice Chair of the Assembly Committee on Public Employees Retirement and Social Security.

